

Financial Report

Lafourche Parish Tourist Commission

Raceland, Louisiana

For the year ended December 31, 2012

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For the year ended December 31, 2012

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Lafourche Parish Tourist Commission,
Raceland, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Lafourche Parish Tourist Commission, State of Louisiana (the Commission), a component unit of Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Lafourche Parish Tourist Commission as of December 31, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 8, 2013 on our consideration of Lafourche Parish Tourist Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 8, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafourche Parish Tourist Commission

The Management's Discussion and Analysis of the Lafourche Parish Tourist Commission (the Commission) financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended December 31, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Commission's assets exceeded its liabilities at the close of fiscal year 2012 by \$1,478,019 (net position), which represents a 2.70% increase from last fiscal year.

The Commission's revenue increased \$130,043 (or 28.18%) primarily due to increases in hotel and motel tax revenues.

The Commission's expenses increased \$12,855 (or 2.38%) primarily due to increases in personal services, other services and charges, and repairs and maintenance.

The Commission did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements. The Commission's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the Commission:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the Commission's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The statement of activities presents information showing how the Commission's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Commission is culture and recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The only fund of the Commission is a governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains an individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Commission adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 8 - 12 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. As of December 31, 2012, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,478,019. A large portion of the Commission's net position (22.23%) reflects its investment in capital assets (e.g., buildings and land improvements; office furniture, fixtures and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

| | December 31, | | Dollar |
|-----------------------------------|---------------------|---------------------|------------------|
| | 2012 | 2011 | Change |
| Current and other assets | \$ 1,189,298 | \$ 1,174,107 | \$ 15,191 |
| Capital assets | 328,578 | 317,977 | 10,601 |
| Total assets | <u>1,517,876</u> | <u>1,492,084</u> | <u>25,792</u> |
| Current and other liabilities | 19,594 | 35,854 | (16,260) |
| Long-Term liabilities outstanding | <u>20,263</u> | <u>17,077</u> | <u>3,186</u> |
| Total liabilities | <u>39,857</u> | <u>52,931</u> | <u>(13,074)</u> |
| Net Position: | | | |
| Invested in capital assets | 328,578 | 317,977 | 10,601 |
| Unrestricted | 1,149,441 | 1,121,176 | 28,265 |
| Total net position | <u>\$ 1,478,019</u> | <u>\$ 1,439,153</u> | <u>\$ 38,866</u> |

Governmental Activities

Governmental activities increased the Commission's net position by \$38,866. Key elements of this increase are as follows:

Condensed Statement of Activities

| | For the Year Ended December 31, | | Dollar | Total |
|-------------------------------------|------------------------------------|---------------------|------------------|-------------------|
| | 2012 | 2011 | Change | Percent Change |
| Revenues: | | | | |
| Taxes - hotel/motel | \$ 588,601 | \$ 459,532 | \$ 129,069 | 28.09% |
| Miscellaneous | 2,948 | 1,974 | 974 | 49.34% |
| Total revenues | <u>591,549</u> | <u>461,506</u> | <u>130,043</u> | <u>28.18%</u> |
| Expenses: | | | | |
| Economic and development assistance | <u>552,683</u> | <u>539,828</u> | <u>12,855</u> | <u>2.38%</u> |
| Increase in net position | 38,866 | (78,322) | 117,188 | -149.62% |
| Net position, beginning of year | <u>1,439,153</u> | <u>1,517,475</u> | <u>(78,322)</u> | <u>-5.16%</u> |
| Net position, end of year | <u>\$ 1,478,019</u> | <u>\$ 1,439,153</u> | <u>\$ 38,866</u> | <u>2.70%</u> |

In 2012, the Commission's hotel and motel taxes increased due to an increase in hotel occupancy for the year ended December 31, 2012. The net increase in expenses is primarily due to an increase of \$12,932 in personal services which include salaries, payroll taxes and benefits. Repairs and maintenance increased by \$9,170 and other services and charges, which includes advertising, subscriptions and publications, increased as well in the amount of \$6,975.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Commission's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Commission's General Fund's ending fund balance is \$1,169,704, which is an increase of \$31,451 in comparison with the prior year. The unassigned fund balance of \$1,110,204 is available for spending at the District's discretion. The remainder of the fund balance, of \$59,000 is assigned to fund next year's budgeted expenditures in excess of revenues.

General Fund Budgetary Highlights

The budget was amended once during December 2012. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- To adjust the hotel/motel tax to amounts expected from the Parish and the State.

Expenditures

- Personal services decreased by \$22,650 to reflect fewer expenses than originally anticipated.
- Supplies and materials increased \$17,589 due to the purchases of graphic design services on website and computer software supports.
- Repairs and maintenance increased \$3,579 to better reflect the repairs and maintenance expenses of the Commission.
- Other services and charges decreased by \$22,600 due to a decrease in seminars & meetings attended, travel, publications and scenic by-ways because the grant was not received.

During the year, actual revenues exceeded the budgetary estimates, while actual expenditures were less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Commission's investment in capital assets for its governmental activities as of December 31, 2012, amounts to \$328,578 (net of accumulated depreciation). This investment in capital assets includes buildings and land improvements, office furniture, fixtures and equipment (see the table on the following page).

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| Buildings and land improvements | \$ 483,389 | \$ 474,599 |
| Office furniture, fixtures and equipment | <u>113,509</u> | <u>89,401</u> |
| Totals | <u>\$ 596,898</u> | <u>\$ 564,000</u> |

Major capital asset events during the current fiscal year included the following:

- New generator totaling \$23,158.
- Parking lot garden totaling \$5,390.
- New 450 ft fence for \$3,400.
- Acer netbook for \$950.

Additional information on the Commission's capital assets can be found in the Note 4, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The 2013 revenues were budgeted at \$636,700 which is an increase from the 2012 amended budget. Budgeted revenues were increased in order to more accurately reflect the expected receipts of hotel/motel taxes.
- Budgeted expenditures are expected to increase from the 2012 amended budget due to an increase in publications, scenic byways, seminars and travel.
- The 2013 budgeted expenditures exceed revenues by \$59,500. The 2013 budgeted operating deficit is anticipated to be funded by existing fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Lafourche Parish Tourist Commission 4484 Highway 1, Raceland, Louisiana 70394.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

Lafourche Parish Tourist Commission

December 31, 2012

| | <u>General</u> | <u>Adjustments (Exhibit B)</u> | <u>Statement of Net Assets</u> |
|---|--------------------------------|------------------------------------|------------------------------------|
| Assets | | | |
| Cash | \$ 343,649 | | \$ 343,649 |
| Investments | 780,228 | | 780,228 |
| Due from other governmental units | 65,421 | | 65,421 |
| Fixed assets | <u>-</u> | <u>\$ 328,578</u> | <u>328,578</u> |
| Total assets | <u><u>\$ 1,189,298</u></u> | <u><u>328,578</u></u> | <u><u>1,517,876</u></u> |
| Liabilities | | | |
| Accounts payable and accrued expenditures | \$ 19,594 | - | 19,594 |
| Long-term liabilities: | | | |
| Due in more than one year | <u>-</u> | <u>20,263</u> | <u>20,263</u> |
| Total liabilities | <u><u>19,594</u></u> | <u><u>20,263</u></u> | <u><u>39,857</u></u> |
| Fund Balance/Net Position | | | |
| Fund balances: | | | |
| Assigned to: | | | |
| Subsequent year's expenditures: | | | |
| Next year's budget deficit | 59,500 | (59,500) | - |
| Unassigned | <u>1,110,204</u> | <u>(1,110,204)</u> | <u>-</u> |
| Total fund balance | <u><u>1,169,704</u></u> | <u><u>(1,169,704)</u></u> | <u><u>-</u></u> |
| Total liabilities and fund balance | <u><u>\$ 1,189,298</u></u> | <u><u>(1,149,441)</u></u> | <u><u>39,857</u></u> |
| Net position: | | | |
| Net investment in capital assets | | 328,578 | 328,578 |
| Unrestricted | | <u>1,149,441</u> | <u>1,149,441</u> |
| Total net position | | <u><u>\$ 1,478,019</u></u> | <u><u>\$ 1,478,019</u></u> |

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Lafourche Parish Tourist Commission

December 31, 2012

| | |
|---|--------------|
| Fund Balance - Governmental Fund | \$ 1,169,704 |
|---|--------------|

Amounts reported for governmental activities in
the statement of net assets are different because:

Capital assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental fund.

| | | |
|-------------------------------|------------------|---------|
| Governmental capital assets | \$ 596,898 | |
| Less accumulated depreciation | <u>(268,320)</u> | 328,578 |

Long-term liabilities are not due and payable
in the current period and therefore not
reported in the governmental funds

| | |
|------------------------------|-----------------|
| Compensated absences payable | <u>(20,263)</u> |
|------------------------------|-----------------|

| | |
|--|----------------------------|
| Net Position of Governmental Activities | <u>\$ 1,478,019</u> |
|--|----------------------------|

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT
OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE**

Lafourche Parish Tourist Commission

For the year ended December 31, 2012

| | General Fund | Adjustments (Exhibit D) | Statement of Activities |
|---|-----------------|----------------------------|-------------------------------|
| Revenues | | | |
| Taxes - hotel/motel: | | | |
| Parish | \$ 438,601 | | \$ 438,601 |
| State | 150,000 | | 150,000 |
| Miscellaneous: | | | |
| Interest | 1,720 | | 1,720 |
| Other | 1,228 | | 1,228 |
| Total revenues | 591,549 | | 591,549 |
| Expenditures/Expenses | | | |
| Current: | | | |
| Economic Development and Assistance: | | | |
| Personal services | 158,305 | \$ 3,186 | 161,491 |
| Supplies and materials | 29,952 | - | 29,952 |
| Other services and charges | 313,741 | - | 313,741 |
| Repairs and maintenance | 25,202 | - | 25,202 |
| Capital outlay | 32,898 | (32,898) | - |
| Depreciation | - | 22,297 | 22,297 |
| Total economic development and assistance | 560,098 | (7,415) | 552,683 |
| Excess of Revenues Over Expenditures | 31,451 | (31,451) | - |
| Change in Net Position | - | 38,866 | 38,866 |
| Fund Balance/Net Position | | | |
| Beginning of year | 1,138,253 | 300,900 | 1,439,153 |
| End of year | \$ 1,169,704 | \$ 308,315 | \$ 1,478,019 |

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Lafourche Parish Tourist Commission

For the year ended December 31, 2012

| | |
|---|-------------------------|
| Net Change in Fund Balance - Governmental Fund | \$ 31,451 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlay | \$ 32,898 |
| Depreciation expense | <u>(22,297)</u> |
| | 10,601 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund | |
| Increase in compensated absences payable | <u>(3,186)</u> |
| Change in Net Position of Governmental Activities | <u>\$ 38,866</u> |

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

Lafourche Parish Tourist Commission

For the year ended December 31, 2012

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Taxes - hotel/motel: | | | | |
| Parish | \$ 450,000 | \$ 411,929 | \$ 438,601 | \$ 26,672 |
| State | 125,000 | 150,000 | 150,000 | - |
| Miscellaneous: | | | | |
| Interest | 1,000 | 119 | 1,720 | 1,601 |
| Other | 700 | - | 1,228 | 1,228 |
| | <u>576,700</u> | <u>562,048</u> | <u>591,549</u> | <u>29,501</u> |
| Total revenues | | | | |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development and Assistance: | | | | |
| Personal services | 182,000 | 159,350 | 158,305 | 1,045 |
| Supplies and materials | 25,000 | 42,589 | 29,952 | 12,637 |
| Other services and charges | 354,700 | 332,100 | 313,741 | 18,359 |
| Repairs and maintenance | 21,500 | 25,079 | 25,202 | (123) |
| | <u>583,200</u> | <u>559,118</u> | <u>527,200</u> | <u>31,918</u> |
| Total economic development and assistance | | | | |
| Capital Outlay | 40,000 | 37,762 | 32,898 | 4,864 |
| | <u>623,200</u> | <u>596,880</u> | <u>560,098</u> | <u>36,782</u> |
| Total expenditures/expenses | | | | |
| Excess (Deficit) of Revenues Over Expenditures | (46,500) | (34,832) | 31,451 | 66,283 |
| Fund Balance/Net Assets | | | | |
| Beginning of year | 1,232,662 | 1,228,800 | 1,138,253 | (90,547) |
| End of year | <u>\$ 1,186,162</u> | <u>\$ 1,193,968</u> | <u>\$ 1,169,704</u> | <u>\$ (24,264)</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Lafourche Parish Tourist Commission**

December 31, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lafourche Parish Tourist Commission (the Commission) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Commission is a component unit of the Lafourche Parish Council, (the Council).

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the Commission for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Commission and the potential component unit.
4. Imposition of will by the Commission on the potential component unit.
5. Financial benefit/burden relationship between the Commission and the potential component unit.

The Commission has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

The Commission's financial statements consist of the government-wide statements on all activities of the Commission and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Commission. The government-wide presentation focuses primarily on the sustainability of the Commission as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily account and operations of the Commission continue to be organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Commission:

General Fund - The General Fund is the general operating fund of the Commission. It is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is always a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Hotel/motel sales and use taxes are recognized as revenue in the period they are collected by the merchants.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Hotel/motel sales and use taxes are recognized as revenue in the period they are collected by the merchants. Miscellaneous revenues are recorded as revenues when received in cash by the Commission because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the Commission's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The Commission amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (continued)

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements for the Commission contain no allowance for uncollectible accounts. Uncollectible amounts due for hotel/motel sales and use taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

Investments consist of certificates of deposit and deposits in the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortization cost rather than market value to report net position to complete share prices if certain conditions are not met. Certificates of deposit are stated at cost and approximate market value.

h) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|--|--------------|
| Buildings and land improvements | 5 - 50 years |
| Office furniture, fixtures and equipment | 5 - 25 years |

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

i) Vacation and Sick Leave

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the Governmental Funds.

Annual vacation and sick leave credits are cumulative; all unused annual vacation and sick leave shall be carried forward from calendar year to calendar year up to a maximum of 210 hours of vacation leave and 210 hours of sick leave. It is the policy of the commission to pay terminated employees for any unused vacation up to the maximum stated above.

The liability for vacation and sick leave is recorded as a non-current liability in the government-wide statements.

j) Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

Net invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At December 31, 2012 the Commission had no outstanding borrowings.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Equity (continued)

- a. Restricted— Consists of assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted— All other net position that do not meet the definition of “restricted” or “net invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2012 and for the year then ended, the Commission did not have or receive restricted resources.

Fund Financial Statements:

Government fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Commission’s Board of Commissioners. Commitment may be established, modified, or rescinded only through ordinances or resolutions approved by the Commission’s Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified as either restricted or committed by that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

For the classification of Government Fund balances, the Commission considers an expenditure to be made from the most restrictive first when more than one classification is available. The Commission’s fund balance was classified as unassigned as of December 31, 2012.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New GASB Statements

During the year ending December 31, 2012, the Commission implemented the following GASB Statements:

Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.”* The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflow of resources, and net position in a statement of financial position and related disclosures.

Statement No. 65, *“Items previously reported as Assets and Liabilities.”* The statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Deposits:

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

| | <u>Bank Balances</u> | <u>Reported Amounts</u> |
|--|----------------------|-------------------------|
| Cash | \$ 352,569 | \$ 343,449 |
| Investments - certificates of deposit | <u>228,901</u> | <u>228,901</u> |
| Totals | <u>\$ 581,470</u> | <u>\$ 572,350</u> |

Note 2 - DEPOSITS (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk. As of December 31, 2012, \$102,569 of the Commission's bank balance of \$581,470 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Commission's name. At December 31, 2012, deposits were adequately collateralized, under state law, by securities held by unaffiliated banks for the account of the Commission. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Commission to invest in obligations of the U.S. Treasury agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the Board's investment policy emphasized maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission's investment policy requires the application of the prudent-person rule. *This policy states, investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally do obtain the most favorable rate of return...* The Commission's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

Note 2 - DEPOSITS (Continued)

For an investment, custodial credit risk is that risk that, in the event of failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued as amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP at December 31, 2012, amounted to \$551,327 and are classified on the Statement of Net Assets as "Investments".

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

| | |
|--------------------------------------|--------------------------------|
| Cash on hand | \$ 200 |
| Reported amounts of deposits | 572,350 |
| Reported amount of Investments- LAMP | <u>551,327</u> |
| Total | <u><u>\$ 1,123,877</u></u> |
| Cash | \$ 343,649 |
| Investments | <u>780,228</u> |
| Total | <u><u>\$ 1,123,877</u></u> |

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2012 for parish hotel/motel taxes are as follows:

| | |
|-------------------------------|------------------|
| Lafourche Parish School Board | \$ <u>65,421</u> |
|-------------------------------|------------------|

Note 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

| | Balance January 1, 2012 | Additions | Balance December 31, 2012 |
|--|-------------------------------|------------------|---------------------------------|
| Capital assets: | | | |
| Buildings and land improvements | \$ 474,599 | \$ 8,790 | \$ 483,389 |
| Office furniture, fixtures and equipment | <u>89,401</u> | <u>24,108</u> | <u>113,509</u> |
| Total capital assets being depreciated | <u>564,000</u> | <u>32,898</u> | <u>596,898</u> |
| Less accumulated depreciation for: | | | |
| Buildings and land improvements | (173,904) | (14,067) | (187,971) |
| Office furniture, fixtures and equipment | <u>(72,119)</u> | <u>(8,230)</u> | <u>(80,349)</u> |
| Total accumulated depreciation | <u>(246,023)</u> | <u>(22,297)</u> | <u>(268,320)</u> |
| Total capital assets, net | <u>\$ 317,977</u> | <u>\$ 10,601</u> | <u>\$ 328,578</u> |

Note 5 - LONG-TERM LIABILITIES

Long-term liabilities consist entirely of accumulated unpaid annual leave due after one year. For the year ended December 31, 2012, the Commission recognized \$3,186 of unpaid annual leave expenses as follows:

| | |
|---------------------------|------------------|
| Balance January 1, 2012 | \$ 17,077 |
| Increase for the year | |
| ended December 31, 2012 | <u>3,186</u> |
| Balance December 31, 2012 | <u>\$ 20,263</u> |

Note 6 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to worker's compensation; torts; theft of, damage to, and destruction of assets; error and omission; and natural disasters for which the Commission carries commercial insurance. No settlements were made during the year that exceeded the Commission's insurance coverage.

Note 7 - COMMITMENTS

On May 7, 2012, the Commission entered into a three year operating lease agreement for office equipment. The lease terms provide for monthly rental payments of \$254. Rental expenses for the operating lease for the year ended December 31, 2012 totaled \$1,778.

Note 8 - BOARD MEMBERS

As set forth in the Commission's by-laws, the Board serves without compensation.

During the year two additional board members were approved by the Lafourche Parish Council. According to an Attorney General's opinion this was in contradiction to state laws. The two additional board members have resigned their positions on the board and the state legislators are in the process of modifying the state law.

Note 9 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 8, 2013, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Lafourche Parish Tourist Commission
Raceland, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Lafourche Parish Tourist Commission (the Commission) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Commission's financial statements and have issued our report thereon dated May 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the Commission and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 8, 2013.

SCHEDULE OF FINDINGS AND RESPONSES

Lafourche Parish Tourist Commission

For the year ended December 31, 2012

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Lafourche Parish Tourist Commission did not expend federal awards during the year ended December 31, 2012.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2012.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Lafourche Parish Tourist Commission

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

11-01 Recommendation – We recommend the Commission consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting procedures.

Management's Response – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation. Management has demonstrated an experience level familiar with the preparation of the financial statements. **Resolved.**

Compliance

11-02 Recommendation – We recommend that the Commission comply with State budget laws by amending its budget to ensure that actual revenues and expenditures do not create an unfavorable variance as compared to budgeted revenues and expenditures by greater than five percent.

Management's Response – This error occurred due to an over estimate of Parish Hotel/Motel tax revenue received by the Commission. Budget amendments will be made more conservatively in the future to remain in compliance with State Law. **Resolved.**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2011.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Tourist Commission did not expend federal awards in excess of \$500,000 during the year ended December 31, 2011 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2011.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Tourist Commission

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2012.
No significant deficiencies were reported during the audit for the year ended December 31, 2012.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2012.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Tourist Commission did not expend federal awards in excess of \$500,000 during the year ended December 31, 2012 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2012.